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**WEEKLY REPORT****THE SITUATION IN SOUTH VIETNAM**State Department review  
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13 January 1965

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**THE SITUATION IN SOUTH VIETNAM****(7 - 13 January 1965)****C O N T E N T S**

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Note: In view of the Inauguration Day holiday next week, the regular Weekly Report on South Vietnam will not be published. However, the Monthly Annex will be produced on Thursday and disseminated on Friday, 22 January 1965.



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### THE WEEK IN PERSPECTIVE

The sense of political crisis in Saigon has eased as a result of the joint communiqué issued on 9 January by the government and military. In effect, the communiqué sanctions the actions of the military, while reiterating military support for the civilian government. Premier Huong has further sought to clear the air in relations with the US by issuing a statement on 12 January, declaring that the US had not sought to impose any particular formula on Vietnamese authorities for settling the recent crisis, and that relations remain cordial as in the past.

There is widespread awareness on all sides, however, that the detente has not really settled the issue of the armed forces relationship with the government. General Khanh has left no doubt that he and the "young Turk" generals consider themselves the real power in the country, and intend to exert a political influence in the future. He envisages a military-civilian committee which would exercise a watch-dog role over the government. The civilian government, meanwhile, is trying to skirt this idea of the military by focusing the attention of the generals, as well as the government's religious and political critics, on early assembly elections. Huong has also apparently succeeded in getting the military to consider filling some posts in a pending cabinet reshuffle, a switch in the earlier military attitude of remaining apart from the government.

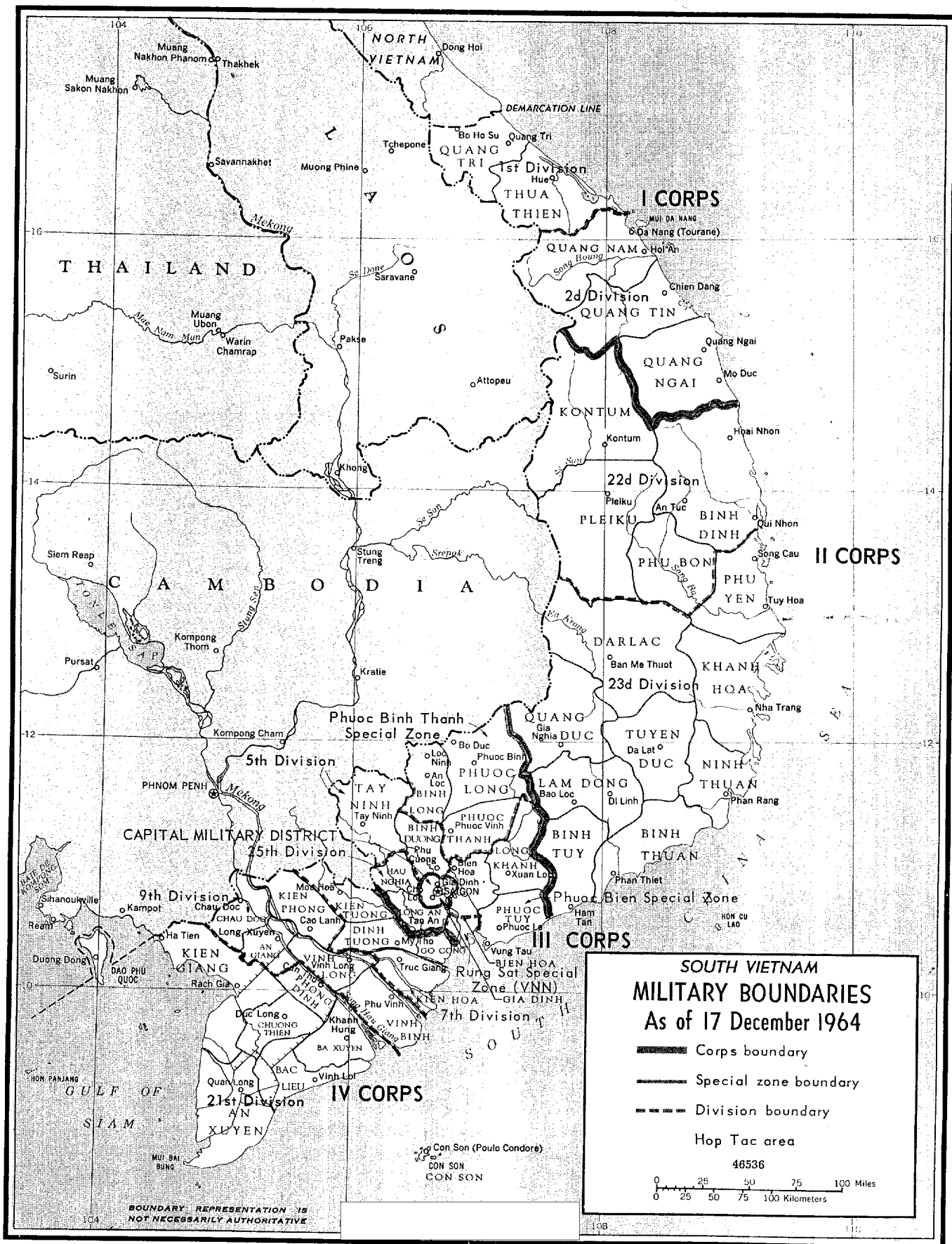
The detente is already being protested by the Buddhist hierarchy, which continues determined to force Huong's removal as premier. The Buddhists have shown some interest in the armed forces' proposal of a joint military-civilian committee, which they have seen as a means of influencing the composition of the government. The Buddhists have taken no new action in Saigon, but have obviously encouraged a new rash of student agitation in several northern cities demanding Huong's ouster. Some of the "young Turk" generals have

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shown some sympathy for the Buddhist/student position, suggesting that they, and probably General Khanh, harbor ideas of harnessing Buddhist support as a base for their political ambitions and military conclusions.





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## I. SITUATION WITHIN SOUTH VIETNAM

### A. POLITICAL SITUATION

1. The situation has eased in Saigon following the issuance on 9 January of a joint government-military communiqué papering over the confrontation which began with the dissolution by the military of the High National Council (HNC) between them. The communiqué affirmed the military's promise, made on 27 August, to turn over political authority to civilians, but did not specifically state that the military would refrain from future intervention. The statement further affirmed that legislative power had been temporarily handed over to Chief of State Suu, in effect ratifying the military's abolition of HNC, but noted the government's responsibility to convene a national assembly. The communiqué also promised early release of political prisoners of the military, notably six members of the HNC, and made reference to the government's responsibility to rally all political elements behind the war effort.

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2. Shortly after the communiqué was issued, members of the HNC under detention in central Vietnam were released to the government, and other arrested student and political leaders, with the possible exception of General Do Mau, were freed by the armed forces. Civilian officials now indicate, that in addition to plans to speed up a draft election decree for the proposed assembly, Premier Huong may shortly proceed with some internal revision of his cabinet in an effort to replace ministers under fire by Buddhists, and to try to draw the military into participation in the government. Although armed forces commander Khanh has been indicating reluctance to commit the military to direct participation in the cabinet, he has now apparently agreed to consider possible

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ministerial posts which might be filled by military officers. Positions under consideration for reshuffling include the finance ministry, information ministry, youth commissariat, and the defense post, now held by Huong himself. The premier has indicated that, if he cannot get a general to take the defense portfolio, he may continue to fill the post and try to get a military man as deputy defense minister.

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General Khanh has privately acknowledged that the joint communiqué by itself resolved nothing, and that the real issue of military authority vis-a-vis civilian authority persists. He has made it clear to US officials that armed forces leaders expect to remain deeply involved in political problems and in the issue of government effectiveness. His current decision, reportedly approved by the Armed Forces Council, to consider Huong's proposal to have the military serve in the cabinet seems to be a retreat from his earlier statements implying that the military would keep an independent status. There is no indication, however, that he has truly abandoned the idea of having the military monitor the government's performance.

3. Khanh had outlined prior to the communiqué's signing, his notion of a "censor" committee, to be composed of representatives of both the military and key civilian groups including religious elements. The committee would be on a par with the judiciary and projected assembly, as a separate government branch. It would try to resolve problems between the government and civilian groups, but enable the military to deal firmly with the latter if they proved obstructive. The civilian negotiators drafting the weekend joint communiqué evidently were able to avoid any direct reference to such a military role, although the communiqué's allusion to the government's responsibility to try to rally "patriotic" groups was evidently a nod toward this military notion.

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Subsequently, General Khanh told Deputy Ambassador Johnson that the generals still favor some idea of a joint military/civilian committee. Khanh has repeatedly stressed that the military must have a "position of honor." He made it clear to Johnson that he felt the military and the Buddhists were the two dynamic forces in the Vietnamese power structure, and implied that the military was trying to find some way to harness the Buddhist dynamism. His notion, however, of linking the two in a formal organization suggests a long-range ambition either on Khanh's part or that of the Young Turks to exercise political power through a temporary "marriage of convenience" with Buddhist support. Premier Huong has long suspected Khanh of intriguing along these lines, although Khanh continues to deny that he or other armed forces leaders desire to reassume direct government control. There have been hints that some of the "young Turk" generals are trying to curry favor with the Buddhists, and indications of interest by the Buddhists themselves in the idea of forming a joint military/civilian committee.

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4. Meanwhile, Premier Huong hopes to sidestep the military and Buddhist idea of a new joint committee by moving ahead rapidly with plans to set up the national assembly, thus providing the government a legal basis and finding an outlet for current opposition political ambitions. A draft election decree aimed at holding elections by 21 March, has reportedly received preliminary approval by the cabinet and the military on 13 January. The decree would provide for a 145-man assembly

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with 21 of its members elected directly in five major cities, and the remainder chosen indirectly to represent villages in the rest of the country. Careful screening of candidates would be undertaken. Public interest in the assembly as a vehicle for political influence is already suggested by a statement from the Hoa Hao religious sect, voicing support for Huong's government and urging early establishment of the assembly.

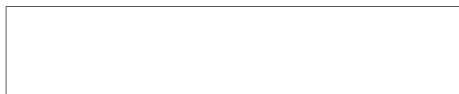


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5. Buddhist leaders have already indicated dissatisfaction with the compromise detente announced by the 9 January communiqué, and stressed that they will continue their efforts to try to remove Premier Huong. Although Saigon has remained generally free of anti-Huong agitation, the campaign has been stepped up in several northern cities where students and other sympathizers have demonstrated against the government. A weekend demonstration, with some reported participation by Buddhist monks, was staged by students in the central coastal city of Nha Trang, and on 11 January student strikes, supported in part by shopkeepers and cyclo drivers, occurred in Quang Tri, Da Nang, and Hué, where a general strike continued for two days. The strikes were generally peaceful, although there were some minor overtones of anti-American and pro-neutralist sentiment along with anti-Huong protests. Little firm action was taken in Hué to break up the demonstrations, and although I Corps commander General Thi claims that he was unable to convince Buddhist leaders to stop the agitation, both Thi and 1st Division commander General Chuan apparently have some sympathy with the Buddhist-student position. Agitation was subsiding by 13 January, but a student delegation from Hué is being sent to Saigon to petition Chief of State Suu to change the government. General Thi, also planning to be in Saigon for military discussions of cabinet changes, has indicated that he may now urge Huong to remove some unpopular cabinet ministers and provide increased representation for central Vietnam.



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6. On 12 January, Premier Huong issued a statement intended to be a reply to the Embassy statement of 5 January, which sought to clear the air in US-South Vietnamese relations. Huong's statement noted that "extensive and frank" discussions had dispelled any "misunderstandings" stemming from the military's action against the HNC on 20 December, as well as "rumors and misapprehensions" between Vietnamese and Americans. The statement declared that US-Vietnamese relations remain cordial, noted the military's determination to fight Communism and neutralism, and their responsibility with the government to resolve internal problems. It "reaffirmed" that the US had urged no particular formula to settle the recent crisis. Following Huong's statement, a "tea party" was held on 13 January by the Chief of State for officials of the US Mission, the cabinet and armed forces leaders to publicize the cordial relations among them.  Although it is clear that General Khanh remains deeply resentful of US efforts to pressure the military to withdraw their action against the HNC, he has privately insisted that he is not anti-American, that he and other generals desire a closed working relationship, and that he wishes to proceed with joint military planning. Huong's communiqué may have the effect of dampening down anti-American slogans which have appeared in recent student demonstrations, and which have, in some cases, appeared to reflect Viet Cong inspiration. The Saigon press, still heavily censored, has been speculating on possible US intentions to seek a negotiated settlement of the war.

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#### Economic Situation

7. The GVN announced the official rice prices for 1965, as well as a decision to compensate the ramasseurs (who buy the rice in the Delta) for their losses on past deliveries to


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the Saigon rice stockpile. The official prices, though higher than last year, are lower than might have been expected, considering recent price rises in the open market. A large rice convoy has reached Saigon from the Delta but prices have nevertheless risen, at least partly in response to the GVN's price announcement.

The black market rate of the dollar has risen to 140, with some reports giving the rate as 150 and higher. The increase can be attributed to continued political instability, as well as to the approach of Tet, with its accompanying demand for hard currency to buy smuggled luxuries and to clear debts by the year's end.



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**SECRET****B. MILITARY SITUATION**

1. The level and intensity of Viet Cong activity decreased slightly for the second consecutive week. Two company-sized actions were reported from III Corps, otherwise most Viet Cong activity consisted of small-scale terrorism and harassments. After 4 January, the Viet Cong did not continue the offensive action initiated on 28 December around Binh Gia in Phuoc Tuy Province, probably because of the large ARVN reaction force now present. There are no indications, however, that the Viet Cong force has left the general area.

The level of Communist activity continues heaviest in IV Corps. South of Saigon, 14 district capitals were subjected to mortar fire harassments last week. These incidents, plus a marked increase of harassing actions in the Capital Military District (CMD) around Saigon, is further evidence of a stepped up Viet Cong campaign to strengthen their image in densely populated areas through demonstrations of military strength. It also indicates the extent of Viet Cong control in the delta which has reached a point where district capitals are becoming frequent Viet Cong targets for harassment. Increased Viet Cong activity in the CMD and in the western provinces of the Hop Tac area suggest the end of a period of relative quiet. Communist activities against the railroad increased with the majority of the incidents concentrated in Thua Thien and Phu Yen Provinces and resulted in the derailment of two trains and the mining of two bridges.

On 3 January, a Communist company, employing 82-mm mortars attacked an outpost defended by Popular Forces troops in Bien Hoa Province and killed 16, nine Popular Force personnel and 29 weapons were missing after the attack. On 9 January, another Viet Cong company employing mortars and recoilless rifles

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attacked an ARVN outpost killing six and wounding 15. A US officer was killed and a US Army enlisted man was wounded in this engagement.

2. There was no significant change in the tempo of government large-scale operations during the week with no major engagements reported similar to that which led to the six-day Phuoc Tuy Province battles. Senior officers appeared to be giving more attention to military matters as the political crisis subsided somewhat during the past week.

A major government reaction force was dispatched to Phuoc Tuy and continued operations during the week with little contact. ARVN published an order mounting a major military campaign between Saigon and Vung Tau. The basic concept involves the use of reconnaissance patrols to develop tactical intelligence and the provision for instant reaction to destroy Viet Cong units as they are encountered. In view of past performances, it appears likely that the Viet Cong will ambush ARVN patrols if the opportunity presents itself.

ARVN has withdrawn the two Marine battalions sent to Phuoc Quoc Island in an attempt to clear the Viet Cong, following the airfield mortar attack during General Khanh's visit there in early December. The Marines apparently had negligible success since the Viet Cong promptly responded to their departure by directing mortar and automatic weapons fire into the main town of Duong Dong. The defense of the island is now in the hands of 200 paramilitary forces, an understrength engineer company, a platoon of artillery, and elements of the Navy's junkfleet. This force can do little more than conduct a holding action.

The ARVN 1st Division conducted a successful reaction operation in Thua Thien Province last week involving two infantry companies, supported by elements of an armored troop and

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an Eagle flight. The operation resulted in 50 Viet Cong killed and the capture of a small number of weapons. Friendly losses were negligible. COMUSMACV in analyzing the operation, reports that while the initial reaction was inadequate, outstanding results were obtained by the larger reaction force which utilized a well-understood contingency plan for reaction developed through the coordinated efforts at the province and division level.

Operational control for Kien Giang Province was transferred from the 21st Division to the 9th Division.

3. Government casualties declined from the previous week but remain relatively high. ARVN casualties totaled 852 (232 KIA) compared to last week's 1,093 (350 KIA). Communist casualties increased moderately to 595 (510 KIA) from 457 (324 KIA). Government weapons losses declined from 614 to 418. The capture of Viet Cong weapons remained about the same and totaled 112 compared to 117 one week ago.



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### C. PACIFICATION

1. Pacification activities were largely at an impasse during the past week. Positive results were limited mainly to the Hop Tac effort around Saigon, with minor progress reported from II Corps area.

2. In the I Corps zone, the recently adopted 1965 pacification program for an area astride Route 1 was not initiated on 1 January as intended. USMACV believes that uneasiness among local officials over the political crisis in Saigon was responsible for the failure to start on time. This is indicative of the reluctance of most local authorities to exercise initiative even when plans have been drawn up and resources are on hand.

3. In II Corps, a special pacification program was launched on 4 January to clear an area of five kilometers on either side of Route 1 in the three northern coastal districts of Binh Dinh Province. This operation is serving as a test vehicle for a new concept in pacification operations. Basically, battalion commanders are to function concurrently as district chiefs during the operation in order to insure unity of command. If successful during the one month test period, it will be extended for the rest of the year. USMACV expects to monitor this operation closely.

In Darlac Province, 2,400 Montagnards in the northeastern district of Buon Ho were temporarily relieved of their weapons. The arms were to be returned only to those swearing to defend their hamlet against the Viet Cong. Only 2,145 took the required oath. Similar ceremonies are planned for the rest of the armed Montagnards in the province.

Also in Darlac Province, a long-service civil servant of Montagnard origin was installed as deputy province chief for Montagnard affairs, in an effort to win rebellious highlanders back to the government side. In Saigon USOM has appointed a counterpart to the GVN director of Montagnard affairs.

4. In III Corps area, outside the Hop Tac area, the pacification effort was noticeably reduced. Viet Cong activity has increased sharply in this area.

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5. The newly begun pacification project on Phu Quoc Island, in IV Corps, was abandoned with the mortar and automatic weapons transfer of the two battalions of marines on the island to Phuoc Tuy Province (See Military Situation).

6. No measurable change in tempo was noted in the Hop Tac effort. Although some Hop Tac council members are disturbed by increased Viet Cong activity and apparent increase in their strength in Phuoc Tuy and Binh Duong provinces, it is significant that clearing and securing operations have not suffered any loss of combat battalions committed nine and eight respectively. There have been no reports from COMUSMACV for the past two weeks concerning the current activities of the balance of the 30 battalions assigned to Hop Tac which had been previously utilized in search-and-destroy operations. Although Hop Tac operations reportedly were unaffected by the recent Binh Gia battle, ARVN units were drawn from the general reserve for reactions operations. If the Viet Cong conduct many actions similar to Binh Gia, ARVN will be sorely pressed to consistently react in sufficient strength to counter the Viet Cong initiative. This eventually would have an adverse effect on Hop Tac.

Four additional hamlets were considered to have met the six-point criteria and added to the list of completed hamlets. This total is now 283, out of 1,146 planned. Population in secured areas rose to 712,000, an increase of 2,000 over last week.

Contraband confiscated through population and resources control measures has declined markedly. This decline suggests the Viet Cong are avoiding known checkpoints. Efforts are being made to increase the number of mobile checkpoints to cover likely alternate routes used by the Viet Cong.

Phase B of the Hop Tac operation was initiated on 1 January. The transition from Phase A to Phase B will have little effect on operations at the province and hamlet level. It will primarily result in a change in area emphasis at higher echelons of control. In Phase B, which is forecast to terminate on 30 June 1965, Zone B is to be secured, Zone C is to be cleared, and development activities are to be concentrated in Zone A.

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## II. THIRD COUNTRY DEVELOPMENTS

**A. PHILIPPINES:** A conference of US military and Embassy officials from CINCPAC, Saigon, and Manila was held in Manila 4-6 January to discuss various problems associated with the introduction of third-country forces, particularly from the Philippines. As a result of the discussions, CINCPAC is developing a procedural manual which will provide detailed guidance for third countries from the time a unit is offered until it leaves Vietnam. [REDACTED]

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However, subsequent discussions between Philippine and US representatives in Manila indicate that air force and navy elements of the proposed Philippine 2,000-man task force to Vietnam may be eliminated if the US is not prepared to undertake replacement of Philippine C-47s and LSTs. The Filipinos are insisting upon per diem rates established by the Philippine legislature which, in the American Embassy's opinion, are very high. In addition, they are asking for a five million peso fund (approximately US \$1.23 million) to support their psywar operations in South Vietnam. Replacement of task force equipment also appears to be complicating the discussions. [REDACTED]

In the meantime, the Acting Deputy Chief of Staff of Philippine Armed Forces arrived 9 January on a survey trip related to the proposed deployment of Philippines troops to SVN. [REDACTED]

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**B. REPUBLIC OF KOREA:** A survey team from the proposed 2,000-man South Korean military contingent arrived in Saigon on 10 January. The proposed force, consisting of engineer and transportation units, plus an infantry battalion to provide security, is in addition to the 120-man military hospital and the 20 karate instructors already sent to South Vietnam. [REDACTED] The ROK National Assembly scheduled to convene on 15 January is expected to approve the sending of the full contingent which is due to arrive in mid-February. The Chairman of the Foreign Affairs Committee of the ROK National Assembly had spent last week in Saigon discussing ROK military assistance with GVN officials. [REDACTED]

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**C. CAMBODIA:** The preparatory meetings for the "Indochinese People's Conference," sponsored by Sihanouk's political movement, Sangkum, are scheduled for the first week in February in Phnom Penh. Sihanouk has reiterated that the conference is not government-sponsored and that it will not even meet unless a sufficient number of non-Communist Indochinese are willing to attend.



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III. DEVELOPMENTS IN THE BLOC

Peiping, Hanoi and Pyongyang have all vigorously protested Seoul's decision to send 2,000 Korean troops to South Vietnam. Chinese Communist protests were contained in two official statements on 13 January which vaguely hinted at countermoves. According to the Chinese, "If US imperialism, in disregard of the warnings of the governments of the DRV and the DPRK, continues to prosecute its scheme for expanding its aggressive war in South Vietnam and even internationalizes that war, the Chinese Government and people will have to give further consideration to the duties incumbent upon them for the defense of peace in this area." The Chinese also took a passing swipe at the Soviets, calling on them as one of the ICC Chairmen, to "truly live up to their duty by taking prompt action to check this dangerous development." Hanoi has termed the action "extremely dangerous," but promises that the ROK forces will have no effect on the war since the morale of such "mercenaries can be easily shaken" by the VC.

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